



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 11, 1999

S. 356

Wellton-Mohawk Transfer Act

*As ordered reported by the Senate Committee on Energy and Natural Resources
on March 4, 1999*

SUMMARY

S. 356 would authorize the appropriation of such sums as are necessary to implement a memorandum of agreement between the Bureau of Reclamation (the bureau) and the Wellton-Mohawk Irrigation and Drainage District (the district) regarding transfer of the federally owned Gila Irrigation Project to the district. The bill would give each party the discretion to exchange with each other, or purchase at fair market value, lands relating to the project.

CBO estimates that implementing this bill would result in additional spending of about \$500,000 by the bureau over the 2000-2001 period, assuming appropriation of the necessary amounts. In addition, CBO estimates that the district would pay a minimum of about \$2 million in 2002 for certain federally owned lands. Because the bill would affect direct spending by increasing offsetting receipts from the sale of federal land, pay-as-you-go procedures would apply.

S. 356 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Local governments might incur some costs as a result of the bill's enactment, but these costs would be voluntary.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 356 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars					
	1999	2000	2001	2002	2003	2004
CHANGES IN DIRECT SPENDING^a						
Estimated Budget Authority	0	0	0	-2	0	0
Estimated Outlays	0	0	0	-2	0	0

a. Implementing the bill would also affect spending subject to appropriation, but in amounts less than \$500,000 a year (for 2000 and 2001).

BASIS OF ESTIMATE

For the purpose of this estimate, CBO assumes that S. 356 will be enacted by the end of fiscal year 1999 and that the estimated amounts necessary to implement the bill will be appropriated for fiscal year 2000. Based on information from the bureau, CBO estimates that the federal share of costs for implementing the transfer of the federally owned irrigation project would be about \$500,000, spread over fiscal years 2000 and 2001. These funds would pay for necessary environmental studies and legal transactions. The estimate of outlays is based on historical rates of spending for these activities.

S. 356 would give the district and the bureau the discretion to exchange, or purchase at fair market value, lands relating to the project. Based on information provided by the bureau, CBO estimates that the district would pay a minimum of about \$2 million in 2002 for certain lands. That payment would be recorded as offsetting receipts (a credit against direct spending). Based on information provided by the bureau, CBO estimates that the government would not forgo any income by completing these transactions. In addition, we estimate that completing the land transfers would have no significant impact on spending subject to appropriation.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars											
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Changes in outlays	0	0	0	-2	0	0	0	0	0	0	0	
Changes in receipts					Not applicable							

Under the Balanced Budget Act of 1997, proceeds from nonroutine asset sales (sales that are not authorized under current law) may be counted for pay-as-you-go purposes only if the sale would entail no financial cost to the government. Based on information provided by the bureau, CBO estimates that the sale proceeds would exceed any net revenues currently projected to accrue from these lands; therefore, selling these assets would result in a net savings for pay-as-you-go purposes.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 356 contains no intergovernmental mandates as defined in UMRA. The district has agreed to pay a share of the costs to implement this transfer as part of its memorandum of agreement with the bureau. These costs, which CBO estimates would be about \$1 million, were voluntarily accepted by the district as part of that agreement. The decision to purchase land from the federal government also would be voluntary on the part of the district.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill contains no new private-sector mandates as defined in UMRA.

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